

ImmoScout24 Wohnbarometer

Q1 2023

Executive Summary

The "ImmoScout24 Wohnbarometer" shows the development of residential real estate prices in the first quarter 2023, in Germany as a whole and in the seven largest metropolitan areas (Berlin, Düsseldorf, Frankfurt (Main), Hamburg, Cologne, Munich, and Stuttgart). The analysis is based on listings for existing and new apartments for rent or sale on Germany's largest online marketplace for real estate, ImmoScout24.

Purchase demand continues to rise and rents record historic increase

- Asking prices for flats to buy increased again in the first quarter in Germany
- Single-family homes also record an increase in demand in four out of seven metropolises
- In all metropolitan areas, demand for apartments to buy and single-family homes for sale remains just below the level of the first quarter of 2022
- The situation on the rental market in Germany is coming to a head: offer prices and demand have increased again in the first quarter of 2023
- Particularly in the seven metropolitan areas, competition for rental apartments is becoming fiercer – overall, demand for rental flats across Germany has increased by 30.0 % since the fourth quarter of 2019

Summary

In the first quarter of 2023, the residential real estate market to buy appears to be slowly recovering compared to the last quarter of the previous year. Offer prices are stabilising accordingly and are showing initial growth again in 5 out of 7 major cities. In addition, demand continues to increase in 6 out of 7 metropolitan areas. While Hamburg and Stuttgart are recording the strongest price growth, prices for single-family homes are decreasing slightly in Cologne, Düsseldorf, Berlin and Munich. Overall, demand for apartments and single-family homes to buy is still a little lower in all metropolitan areas than in the first quarter of last year.

In the rental market, new and existing flats are showing historic increases in the first quarter of 2023. The ImmoScout24 WohnBarometer again shows rising asking prices and very high demand in relation to low availability. As a result, competition among those looking for accommodation is increasing enormously, so that a noticeable percentage of them is turning to the suburbs and other rural areas. In Germany as a whole, demand for existing rental apartments has increased by 30.0 % since the fourth quarter of 2019, while demand for new-build rental flats has even doubled in the same period.

Buying Market

After the price correction on the purchase market in the fourth quarter of 2022, the first quarter of 2023 is now showing an overall positive development. Across Germany, ImmoScout24 recorded an increase in asking prices of up to 2.0 % for purchase properties. Seasonally adjusted, demand for apartments to buy is again rising slightly in 6 of the 7 metropolitan areas. In 5 of the 7 major cities, asking prices have increased respectively. Exceptions are Berlin in existing flats with minus 2.0 %, and Cologne in new flats with minus 3.0 %.

In all metropolitan areas, demand for apartments to buy and single-family homes remains just below the level of the first quarter of 2022. However, while the price development for existing apartments for sale was minus 4.3 % in the previous quarter and minus 6.4 % for new flats, the asking prices for apartments to buy in both categories grew by 2.3 % during the first quarter. At €2,778 per square meter, the average asking price for existing flats in Q1 2023 is still below the level of Q2 and Q3 2022, but already above the price of Q1 2022. Newly built apartments show an average price per square meter of €3,992 in Q1 2023, slightly below the level of Q1 2022.

Single-family homes are experiencing an increase in demand in 4 out of 7 metropolitan areas. The cities in greater demand are Munich, Hamburg, Frankfurt am Main and Cologne. Compared to the previous quarter, asking prices go sideways with 0.4% for existing properties and 0.2% for new construction. Compared to the previous year, asking prices for existing single-family homes are down by 1.5 %, while new-build properties are up by 2.9 % compared to the previous year.

Rental Market

In the first quarter of 2023, asking prices and demand for apartments to rent continue their increase, as a consequence of the low availability. In new construction, asking rents have increased by up to 19.9% year-on-year in metropolitan cities as Berlin and by up to 12.3 % within for existing apartments. Looking at Germany as a whole, rents for existing apartments rose by a moderate 0.6% in the first quarter compared to the previous year. For new-build flats, asking rents increased by 1.2% in the first quarter.

The average price for existing flats for new rent in Germany currently ranges at 8.01 euros per square meter. Newly built flats, on the other hand, are advertised on ImmoScout24 for an average asking price of 11.01 euros per square meter.

Overall, demand for existing rental flats has increased by 30.0 % across Germany since the fourth quarter of 2019 and even doubled for the metropolitan cities Berlin and Hamburg relative to the available objects on offer.

Conclusion

After price adjustments of up to 10.0 % in the previous year, demand for apartments to buy is rising again in 6 out of 7 metropolitan areas in the first quarter of 2023. From the perspective of Germany as a whole, asking prices have also increased by up to 2.0 % in Q1.

The situation on the rental market, on the other hand, is coming to a head: rents in the metropolitan cities in Berlin, Munich and Stuttgart are rising at a historic rate. While new-build flats show a year-on-year rent increase of up to 19.9%, demand for these same flats has doubled overall since Q4 2019. Due to the low supply on the market, competition among searchers has sharpened again.

Methodology

The ImmoScout24 WohnBarometer is the market report on the development of the real estate market. It is published by ImmoScout24: Germany's leading online platform for residential real estate. The ImmoScout24 WohnBarometer reflects the price development in real offer prices, supplemented by an indicator of the relationship between supply and demand. The database comprises over 8.5 million advertisements from the last five years on ImmoScout24. The values are calculated for reference properties for the respective property type considered by an algorithm from the field of machine learning. The reference object for rental apartments is a two-room existing apartment of 70 square meters. For apartments for sale, a three-room flat with 80 square meters of living space is taken as a basis. The single-family house under consideration has 140 square meters of living space and a plot of 600 square meters. The category new construction contains all offers with a construction age of two years or less at the respective time of determination. The demand in relation to the supply is calculated based on the contact enquiries per listing of the respective property type per week. It is a standardized value to compensate for different standing times of the advertisements on the portal. The current asking prices always refer to the last data point in the market report and thus represent the asking price in the first quarter of 2023.

Appendix

Data cockpit for rental apartments

	Germany	Berlin	Dusseldorf	Frankfurt (Main)	Hamburg	Cologne	Munich	Stuttgart
Rental apartments - Existing properties								
Price development Q4 2022 to Q1 2023	+0.6%	+5.3%	+1.5%	+0.5%	+1.0%	-0.1%	+2.6%	+1.4%
Price development Q1 2022 to Q1 2023	+7.4%	+14.7%	+11.4%	+5.6%	+11.5%	+12.3%	+11.6%	+6.1%
Price per m ² Q1 2023 (in EUR)	8.01	12.56	11.70	13.24	12.98	12.55	18.44	13.10
Net cold rent for the 70 m ² reference apartment (in EUR)	560.70	879.20	819.00	926.80	908.60	878.50	1,290.80	916.83
Rental apartments - new construction								
Price development Q4 2022 to Q1 2023	+1.2%	+8.8%	+2.8%	+2.3%	+1.5%	+2.7%	+4.3%	+7.5%
Price development Q1 2022 to Q1 2023	+7.7%	+19.9%	+11.0%	+8.3%	+8.1%	+10.9%	+17.1%	+19.1%
Price per m ² Q1 2022 (in EUR)	11.01	17.64	14.02	16.02	15.20	14.05	22.30	17.55
Net rent per m ² for 70-m ² reference apartment (in EUR)	770.70	1,234.80	981.40	1,121.40 €	1,064.14	983.50	1,561.00	1,228.50

Data cockpit for sales objects

Sales price development Q4 2022 vs. Q1 2023	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	+2.3%	+2.3%	+0.4%	+0.2%
Berlin	-0.3%	+0.8%	-0.8%	-0.1%
Hamburg	+1.0%	+1.3%	+0.9%	+0.5%
Dusseldorf	+0.5%	+0.9%	-1.4%	-1.7%
Cologne	-0.4%	-0.1%	-3.3%	-3.4%
Munich	-1.1%	+0.4%	-0.7%	-0.1%
Frankfurt (Main)	-0.9%	-0.4%	+0.7%	-0.2%
Stuttgart	+1.0%	+0.9%	+1.6%	+1.1%
Sales price development Q1 2022 vs. Q1 2023	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	+0.8%	-0.4%	-1.5%	+2.9%
Berlin	-0.1%	-4.7%	-5.5%	-8.6%
Dusseldorf	+0.9%	-6.3%	-16.5%	-12.3%
Frankfurt (Main)	+0.5%	-4.4%	-11.2%	-8.3%
Hamburg	-1.4%	-3.3%	-5.2%	-5.4%
Cologne	-1.4%	-6.8%	-15.4%	-10.1%
Munich	-6.7%	-3.4%	-9.7%	-8.5%
Stuttgart	-1.7%	-5.3%	-8.4%	-9.0%
Current offer prices Q1 2023 per sqm (in EUR)	Apartment Existing properties	Apartment New construction	House Existing properties	House New construction
Germany	2,778	3,992	2,927	3,613
Berlin	4,557	6,093	4,745	5,732
Dusseldorf	4,970	6,461	5,442	5,995
Frankfurt (Main)	5,526	6,348	5,674	6,416
Hamburg	5,049	6,424	5,628	6,200
Cologne	4,373	5,711	5,398	7,330
Munich	7,346	9,443	8,472	10,141
Stuttgart	5,195	6,852	6,188	7,459

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